

Message Text

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SUBJECT: LABOR UNREST INTENSIFYING

SUMMARY: LABOR UNREST IMPELLED BY WIDE-SPREAD DISCONTENT OVER GOP'S ECONOMIC DECREES IS BUILDING. BOTH APRISTA AND COMMUNIST UNIONS MAY HOLD PROTEST STRIKES IN NEXT FEW DAYS. THERE IS PROSPECT OF INCREASED LABOR TENSION AND A POSSIBLE GOVERNMENT CRACKDOWN IN FEBRUARY OR EARLY MARCH. GOP COUNTER MEASURES COULD HAVE PROFOUND POLITICAL AND ECONOMIC IMPACT. END SUMMARY.

1. LABOR ORGANIZATIONS INCLUDING FAR LEFT, COMMUNIST, APRISTA, AND EVEN MORE IMPORTANT, UNIONS IN GOP'S OWN LABOR CENTRAL, HAVE ALL REGISTERED OPPOSITION TO THE WAGE CEILING PORTION OF RECENTLY ANNOUNCED ECONOMIC AUSTERITY PROGRAM. OPPOSITION ON THE PART OF SOME UNIONS IS PARTICULARLY BASED ON POLITICAL MOTIVATIONS BUT PRESSURE FROM THE RANKS OF THE WORKERS, WHOSE REAL INCOME IS DWINDLING IN THE FACE OF RAPID INFLATION, IS RELENTLESS.

2. LABOR UNREST IS NOW INTENSIFYING. FTP SECRETARY GENERAL CRUZADO TOLD EMBOFF JANUARY 29 THAT JANUARY 30 CTP ASSEMBLY WOULD CALL 24-HOURS GENERAL STRIKE FOR FEBRUARY 2. CRUZADO NOTED, ONLY PARTIALLY IN JEST, THAT STRIKE WAS TO "WELCOME" NEW PRIME MINISTER FERNANDEZ MALDONADO. CRUZADO ALSO ASSERTED THAT MOSCOW-LINE CGTP HELD EMERGENCY ASSEMBLY EVE OF CONFIDENTIAL

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JANUARY 28 AND, OVER OPPOSITION OF UNION PRESIDENT GAMARRO (SECGEN ESPINOZA IS TOURING EASTERN EUROPE), CALLED FOR 24-HOUR GENERAL STRIKE JANUARY 30 IN ORDER TO AVOID APPEARANCE THAT IT IS DIRECTED AGAINST FERNANDEZ MALDONADO. FINAL

DECISION ON CGTP STRIKE IS TO BE TAKEN JANUARY 29.

3. BARRING THE HIGHLY UNLIKELY CASE OF SIGNIFICANT MODIFICATION OF ECONOMIC AUSTERITY MEASURES, STRIKE ACTIVITY WILL LIKELY CONTINUE UNABATED. THERE IS SPECULATION THAT IT MAY BUILD IN THE NEXT SEVERAL WEEKS TO A GENERAL STRIKE INVOLVING (FOR THE FIRST TIME IN THE REVOLUTIONARY PERIOD) COMMUNIST, APRISTA AND INDEPENDENT UNIONS IN A SIMULTANEOUS IF NOT FORMALLY COORDINATED PROTEST. CTP JANUARY 30 ASSEMBLY IS EXPECTED TO DESIGNATE A SPECIAL COMMISSION TO APPROACH OTHER TRADE UNIONS INCLUDING COMMUNIST CGTP IN ORDER COORDINATE MAJOR PROTEST ACTION. CTP HOPES TO EMBARRASS CGTP, WHICH IS TORN BETWEEN ITS POLICY OF SUPPORT FOR THE GOVERNMENT AND ITS NEED TO DEFEND WORKER INTERESTS.

4. IN HOPES OF DEFUSING LABOR PROTEST, GOP MAY ANNOUNCE IN THE NEAR FUTURE (POSSIBLY AT A FEBRUARY 5 SPEECH OF MORALES BERMUDEZ) MODIFICATION OF LABOR LEGISLATION INCLUDING ABROGATION OF TOUGH 1913 STRIKE LAW (STRINGENT REQUIREMENTS FOR LEGAL STRIKE). GOVERNMENT MAY ALSO AGREE TO COSMETIC REORGANIZATION IN THE LABOR MINISTRY, WHICH ACCORDING TO LEFTIST UNIONS HAS CARRIED OUT ANTI-LABOR POLICIES.

5. GOVERNMENT GESTURES ARE UNLIKELY TO SATISFY LABOR SINCE THEY WILL NOT AFFECT WAGE POLICY WHICH REMAINS CRUX OF LABOR PROBLEM. THEREFORE, STRIKE WAVE IS LIKELY TO CONTINUE UNABATED, WITH GOP OPTIONS LIMITED TO MODIFICATION OF ECONOMIC DECREES OR CRACKDOWN ON UNIONS. A CRACKDOWN IS THE MORE LIKELY COURSE WITH GOP EXTENDING POLICY PARTIALLY USED IN MINE SECTOR (ARREST AND IMPRISONMENT OF A FEW KEY UNION LEADERS AND ADVISORS) TO OTHER INDUSTRIES. WELL INFORMED INDUSTRIAL RELATIONS MANAGER TOLD EMBOFF THAT UNION LEADERS IN IMPORTANT METALLURGICAL OPERATION HAVE BEEN APPROACHED BY BOTH MILITARY AND POLICE WITH MESSAGE THAT ORDERS FOR THEIR ARREST HAVE BEEN PREPARED. ORDERS WOULD NOT BE SERVED UNLESS LEADERS BECAME INVOLVED IN LABOR AGITATION, IN WHICH CASE THEY WOULD BE IMMEDIATELY IMPRISONED.
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6. SHOULD GOP MODIFY THE NEW WAGE DECREES, ECONOMIC IMPLICATIONS WILL BE SERIOUS. IN THE MORE LIKELY CASE THAT GOVERNMENT CONFRONTS UNIONS DIRECTLY, GOP COULD BE FACED WITH DELICATE INTERNAL PROBLEM, PERHAPS PITTING INCOMING PRIME MINISTER FERNANDEZ MALDONADO (WHO IS BACKED BY CIVILIAN LEFT) AND HIS SUPPORTERS AGAINST MORE MODERATE GOP ELEMENTS. FERNANDEZ MALDONADO WILL PROBABLY BE COMPELLED TO "DEFINE HIMSELF" EARLIER THAN HE WOULD HAVE PREFERRED. HE MAY HAVE TO TAKE HIS STAND WITH THE MORALES BERMUDEZ REGIME OR SIDE WITH AGGRIEVED CIVILIANS AND HIS LEFTIST SUPPORTERS.
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